SELECT JOINT COMMISSION ON MEDICAID OVERSIGHT

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Authority: IC 2-5-26

MEETING MINUTES[1]

Meeting Date:	**August 15, 2007**
Meeting Time:	**10:00 A.M.**
Meeting Place:	**State House, 200 W. Washington St., Senate Chambers**
Meeting City:	**Indianapolis, Indiana**
Meeting Number:	**2**

Members Present: **Sen. Patricia Miller, Chairperson; Sen. Ryan Mishler; Sen. Sue Errington; Sen. Vi Simpson; Rep. Charlie Brown; Rep. William Crawford; Rep. Peggy Welch; Rep. Timothy Brown; Rep. Suzanne Crouch; Rep. Don Lehe.**

Members Absent: **Sen. Robert Meeks; Sen. Connie Sipes.**

Sen. Miller called the second meeting of the Select Joint Commission on Medicaid Oversight to order at about 10:05 am.

EDS and Managed Care Organization Provider's Claims Payment and System Access Reports

Dr. Jeff Wells, Director of the Office of Medicaid Policy and Planning (OMPP), reported on claims statistics for the Medicaid managed care organizations (MCOs). (See Exhibit #1 for Anthem, Exhibit #2 for MDwise, and Exhibit #3 for MHS.) The MCO reports generally include data on claims received, claims paid, claims denied, appeals, etc.

Rep. Charlie Brown asked when and how the increased funds for Medicaid providers that was provided in HEA 1678 would be distributed. Dr. Wells indicated that approximately 1/3 would

[1] Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of $0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is http://www.in.gov/legislative/. No fee is charged for viewing, downloading, or printing minutes from the Internet.

be distributed to dental providers and 2/3 would be distributed to physicians. The fee schedule is currently being determined, and approval from the Centers for Medicare and Medicaid Services (CMS) is being requested. Payments are to start January 2008 with a retroactive bonus payment for the first half of FY 2008. Regarding how the MCOs will pass the reimbursement dollars on to physicians, Dr. Wells stated that the MCOs are to prepare a plan which will need to be approved by OMPP.

Members expressed concern as to patients not knowing who their provider is, especially with auto-assigned patients, as well as about access arising from transportation difficulties, especially with the requirement that primary care physicians may be up to 30 miles away from the patient and specialty care physicians may be up to 60 miles distant.

The Commission requested a copy of the Dr. Wells slide presentation.

Ms. Katherine Wentworth, MDwise, stated that MDwise produces geoaccess maps to ensure that the 30/60 mile requirements are met. They also try to have multiple methods of outreach, including contacting patients who have accessed an emergency room, and MDwise looks for creative ways to pair up patients with the MCO's resources.

Responding to a question about Medicaid reimbursement for transportation, Dr. Wells stated that there is typically reimbursement for 20 trips per year for medically necessary trips. Ms. Wentworth also responded that family members can also sign up as transportation providers.

Mr. Mitch Roob, Secretary of Family and Social Services, stated that access due to the number of physicians is probably weakest in west central Indiana. He also indicated, in response to a question on how OMPP measures outcomes from the MCOs, that the agency conducts monthly financial reviews and also receives quarterly reports from the MCOs. He added that he would provide the Commission with these reports, plus a county-by-county list of provider availability.

Mr. Roob, responding to a question about whether the federal requirement for patients to prove citizenship causes any problems, stated that it is a problem in some places.

Mr. Roob updated the Commission on the progress of the 1115(b) waiver to cover non-parental adults (HEA 1678). He stated that negotiating with CMS is a difficult process. The state must prove budget neutrality and stay within a 4% annual cost growth. He added that this probably can't be done; the growth rate would probably be about 5.5% and require a one-time bump in primary care physician rates.

Rep. Brown asked Zach Cattell, Indiana State Medical Association, if he could survey his physicians to find out how many are not enrolled in the Medicaid program and whether the non-Medicaid physicians could accept 5 to 10 patients, and that it wouldn't be overly burdensome on the physician to do so. Mr. Cattell stated that he could do so, but in addition to the level of Medicaid reimbursement, other reasons that physicians choose not to participate in the Medicaid program are that many patients make appointments and then don't show up, and the program paperwork requirements are burdensome.

Rep. Tim Brown stated that the philosophy of physicians in west central Indiana tends to be that the doctors have established relationships with their clients, and they will honor those relationships. However, the doctors don't feel that it is their responsibility to provide services to a population that isn't being funded by the state.

Mr. Tim Robl, EDS, provided an update on the Indiana Health Coverage Program (IHCP), which includes all of the IHCP programs and not just Medicaid. The report (see Exhibit #4, distributed to members prior to the meeting) covered statistics through FY 2007. The report includes statistics on dollars paid and numbers of claims, providers, and recipients for fiscal years 2005, 2006, and 2007. The report also contains statistics on IHCP spending by payment category for FY 2007, as well as operational statistics concerning claim volume by type, claim inventories, call center volume, and new provider enrollment data. Members requested a county-by-county breakdown of participating providers.

Rep. C. Brown raised a question as to the name of the health insurance program established by HEA 1678 (IN Check-Up vs. Healthy Indiana Plan) and stated that using two different names is confusing. Sec. Roob stated that he would provide additional information to the Commission members on the Healthy Indiana Plan (see Exhibit #5, distributed after the meeting).

Nursing Facility Rate Rule Change

Sec. Roob provided a brief history of the Closure and Conversion Fund and the development of the reimbursement rule that is being reviewed today. The Closure and Conversion Fund is made up of revenue from the Quality Assessment Fee (QAF). Aggregate Medicaid nursing facility days have decreased by 8%, but there has also been an increase in waiver services days.

He stated that the existing reimbursement rate mechanisms would have increased rates to nursing facilities beyond what would fit within the 5% budget caps. The change to the reimbursement methodology is a four-year deal, and most nursing facilities can accept the change. The maximum annual rate increases provided in the proposed rule change are 7%, 7%, 3%, and 3% for the fiscal years 2008 through 2011. He added that the funds are appropriately partitioned in the budget. (See Exhibit #6 for the proposed changes to 405 IAC 1-14.6-6 and 405 IAC 1-14.6-23.)

Sen. Miller stated that the QAF has not been extended for the entire four-year period covered by the rule change, and CMS may not agree to continue the fee. Sec. Roob responded that the rate forecast is really only applicable to this biennium, and there is in fact a risk that something might happen.

Rep. C. Brown requested an explanation of a document produced by the Indiana Health Care Association (IHCA).

Mr. Mark Scherer, IHCA, rose to explain the document stating that the increased money from the Closure and Conversion Fund is to pay for past resident care. Mr. Scherer acknowledged that the proposed rule is much improved. However, he added that the method of arriving at current nursing facility costs is a problem. The Case-Mix system is based on acuity level of the residents, but the proposed rule does not compensate for change in acuity level. He stated that the IHCA is requesting that the new policy take into account the increases in the case-mix index. He added that not all facilities would be affected, but some would. Responding to questions as to whether the IHCA proposal would increase the size of the pie or merely slice the pie in a different way, Mr. Scherer acknowledged that the resulting cost impact could be greater than the $86 million projected for the Quality Assessment Fee, but he stated that the overage would be marginal in nature. Responding to a question as to where additional funds would come from, Mr. Scherer stated that the state could increase the QAF.

Mr. Jim Leich, Indiana Association of Homes and Services for the Aging, and Mr. Robert Decker, representing Hoosier Owners and Providers for the Elderly, testified in support of the proposed rule but suggested continuing to work on the case-mix issue.

Sec. Roob stated that if the General Assembly were to consider expanding the Quality Assessment Fee, he strongly recommends the legislation be written to allow FSSA to do this at their discretion because of negotiations with the federal agencies.

After properly moving and seconding a motion that the Select Joint Commission on Medicaid Oversight recommend that the proposed changes to 405 IAC 1-14.6-6 and 405 IAC 1-14.6-23 be adopted, a roll call vote was taken. The motion passed by a vote of 9 to 0.

Quality Assurance Fee Update

Mr. Keenan Buoy, Myers and Stauffer, provided a report comparing the estimated reimbursement that would have occurred had there been no Quality Assessment Fee ("pre-QAF reimbursement") with the net reimbursement with the Quality Assessment Fee ("post-QAF"). Each nursing facility in the state receiving Medicaid reimbursement and the amount each facility is estimated to gain or lose under the assessment, net of the annual assessment amount, is listed in the report (see Exhibit #7). He added that the facilities with $0 in the column entitled "Annual Assessment" are facilities which are exempt from assessment; these include hospital-based facilities and continuing care retirement centers.

Mr. Buoy added that $1.4 million is collected from non-Medicaid facilities, and that four non-Medicaid facilities currently owe the state $2.6 million. Commission members requested that an additional report be provided which includes both Medicaid and non-Medicaid facilities.

Issue Regarding the Buy-Out of Medicaid-Certified Beds

Sen. Miller requested definitions of "closure" and "conversion" and the program parameters that FSSA will be using in the buy-out program and how much money will need to be shifted. Sen. Miller also requested information on the number of facilities last year versus this year and the number relocated to provide a complete picture of the continuum of care. Sec. Roob added that the information should include the CHOICE program and the moratorium/certificate of need issue.

Other Business - CHIP Reauthorization

Sen. Miller requested that Sec. Roob update the Commission on the federal reauthorization of the CHIP program.

Sec. Roob stated that HEA 1678 increased eligibility under CHIP to 300% of the federal poverty level, which would result in a potential increase in federal expenditures in Indiana of $50 million. However, if the U.S. Senate bill which would increase federal cigarette taxes by $0.61 passes, Indiana citizens would pay an additional $300 million. Sec. Roob stated that Indiana should not be a donor state in health care. He added that state legislators should contact and lobby the state congressional delegation to vote against this bill and to provide more flexibility for the state to operate and conduct its own program.

Sec. Roob added that low-income states with high numbers of smokers tend to do poorly

under this proposed bill. High-income states with low numbers of smokers tend to do well. He added that some type of reauthorization is likely to occur this year, and the likely timeline for federal action is August or September.

Sen. Miller added that Indiana would also get hurt from federal legislation in the intergovernmental transfer area with respect to hospitals.

There being no further business to discuss, the meeting was adjourned at 12:15 pm.

The next meeting of the Commission will be at 10:00 am, September 10, 2007, in the Senate Chambers of the State House.